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**EXECUTIVE SUMMARY OF THE
REPORT ON CABLE TELEVISION-RELATED NEEDS AND
INTERESTS
WITHIN THE
LOUISVILLE METRO FRANCHISE AREA**

By

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AN EXECUTIVE SUMMARY OF THE FINDINGS OF THE LOUISVILLE METRO CABLE RELATED NEEDS ASSESSMENT

CBG Communications, Inc. (CBG), in conjunction with its Team Partners, Dr. Constance Book, Ph.D. and President of Telecommunications Research Corporation, Carson Hamlin, Video Engineer/Media Integrations Specialist, and telephone survey firm RDD Field Services, has conducted a comprehensive cable-related Needs and Interests Ascertainment of the Communities of Interest (Communities) within the Louisville Metro (Metro) Franchise Area. These Communities represent the diversity of the population within the Louisville Metro Franchise Area, including residential cable subscribers and non-subscribers, program producers and providers for local Public, Educational and Governmental (PEG) Access television, internal and external organizational stakeholders, Institutional Network (I-Net)¹ users and others as further described below. This Ascertainment has been conducted as part of cable franchise renewal proceedings with a local cable television provider, Insight/Time Warner.²

CBG and its Team Partners have decades of experience in working with local governments on cable television, needs assessment, PEG Access, technology, broadband, telecommunications, and other matters. In this regard, we have performed numerous community, PEG and I-Net Needs Ascertainments, as well as PEG Access, Technical and I-Net reviews and audits in preparation for franchise renewals. This includes a wealth of experience and expertise performing activities related to cable communications needs and interests ascertainments, subscriber/non-subscriber attitudes, interests, needs and opinion research, evaluating existing and projecting new PEG Access facilities and I-Net facilities for proper functionality, capacity and reliability, designing I-Nets and performing technical audits and system review. CBG and its Team Partners brought all of this experience and expertise to bear on the Louisville Metro Needs Ascertainment Project.

The full results of the Needs and Interests Ascertainment are presented in a Comprehensive Report that provides a wealth of information for Metro regarding issues of significance to the citizens and organizations in the Metro franchise area, related to cable communications, and correspondingly, the ability of the cable system and Insight/Time Warner to meet demonstrated needs and interests. The key findings, recommendations and observations discussed in this summary and in the

¹ The Institutional Network or “I-Net” is provided to Louisville Metro under Section 47 of Ordinance #76, Series 1998 (as amended) (“ ‘98 Ordinance”). It is explained in more detail later in the Executive Summary.

² The local cable operator’s corporate name is Insight Kentucky Partners II, L.P. but it is now a wholly owned subsidiary of Time Warner Cable, Inc. since a merger was consummated in 2012. Accordingly, this document will refer to the cable operator as “Insight/Time Warner.”

Comprehensive Report are based on an extensive data collection including, but not limited to, the following:

- A telephone-based Residential Community survey on cable-related needs and interests, randomly administered to 442 cable subscribers and 358 non-subscribers in the Louisville Metro Franchise Area, conducted with respondents over both landline telephone connections and cell phone connections. The information obtained provides a wealth of statistically valid data on citizen needs, interests, attitudes and opinions related to cable television.
- Four (4) Town Hall meetings held around the Louisville Metro Franchise Area in late November, 2012, designed to give the public at large an opportunity to comment on similar subject areas to those covered in the telephone-based survey.
- An on-line internal and external stakeholder's survey which resulted in a wide variety of community organizations, non-profits, educational entities, businesses and government agencies being represented in the cable-related Needs Assessment. Results were obtained from a diverse group of 102 organization and government agency representatives.
- Internal and external stakeholders focused discussions that again included a variety of representatives from different community organizations, government agencies and businesses.
- Interviews with educational organizations, including representatives from a parochial school, Jefferson County Public Schools (JCPS) and the University of Louisville.
- Interviews with staff and on-site visits to current PEG Access programming production and origination locations, including MetroTV facilities, Council Chamber production areas, and Public Access Channel 98's production facility.
- A focused discussion with Public Access Channel 98 program producers and providers, as well as an on-line survey distributed to all those who produce and provide programs at Public Access Channel 98.
- An on-line survey of MetroTV staff and user agencies concerning their experiences with a variety of MetroTV characteristics and delineation of both their current and future needs.
- A broad-based workgroup meeting and follow-up discussions with Institutional Network users and potential users.
- A review of a variety of existing and historical data related to Public Access Channel 98, MetroTV and I-Net use, as well as Public Access Channel 98 operational information and a written survey response from Insight/Time Warner.

The analysis of this data enabled CBG and its Team Partners to focus on many elements related to a renewed cable franchise. First, CBG and its Team Partners were able to comprehensively assess the needs of the Residential Community. Specifically, we were able to review:

- The general level of satisfaction with Insight/Time Warner.
- Suggestions from subscribers and non-subscribers on how to improve the services provided by Insight/Time Warner.
- The quality of specific cable service features and characteristics.
- Ratings of communication experiences with Insight/Time Warner.
- Technical issues, including subscriber experiences with outages, picture and sound quality and restoration of services.
- The types of local programming and services of interest to Louisville Metro franchise area subscribers.
- Viewership and ratings of Public and Governmental Access programming, as well as the need for additional Educational Access programming in the future.

Regarding the needs of internal and external stakeholders, the research methodologies utilized enabled CBG to review:

- The use and importance of cable television services to internal and external stakeholder organizations.
- Overall experience with PEG Access programming.
- The value of PEG Access programming to internal and external stakeholders.
- The use and value of MetroTV's and Public Access Channel 98's facilities, equipment, staff and other resources to develop programming.
- Experience with and ratings of internet and data communications services.
- Use and importance of the fiber-based Institutional Network.

Regarding PEG Access, the research methodologies utilized enabled CBG to review:

- The amount and type of PEG programming currently provided.
- The need for expansions in channel capacity and capabilities.
- The need for implementation of new PEG services such as cable-based Video on Demand.
- The need for new, upgraded and replacement equipment, including continued migration from analog and standard definition (SD) to high definition (HD) and other advanced platforms.

- The need for PEG Access facility enhancements.
- The need for enhancements in PEG Access operations and personnel support.

Concerning the I-Net, the data gathered enabled CBG to look at the current and future needs and interests of I-Net users and other stakeholders, including:

- Additional facilities.
- Network redundancy.
- Network standards.
- Network testing and evaluation.
- Disaster Recovery Plan (DRP).

Detailed findings, along with conclusions and recommendations, are incorporated in the Comprehensive Report. The key findings, conclusions and recommendations for consideration by Louisville Metro are the following:

Residential Community Needs Assessment

- Regarding compliance with customer service standards, 10% of telephone survey subscriber respondents indicated that they had received a busy signal when calling the company. This is greater than the 3% allowed by the requirements of the cable franchise (Ordinance 76, series 1998 [as amended]-“’98 Ordinance”, Section 17(2)(c)). Additionally, 41% of subscribers indicated that their call had not been answered within 30 seconds, including time left on hold (10% is allowed under the ‘98 Ordinance, Section 17(2)(b)). Both of these indicate a need to improve Insight/Time Warner’s telephone response.
- Over 1 in 3 of telephone survey subscriber respondents indicated dissatisfaction with Insight/Time Warner’s communications related to rate and programming changes, indicating a need to modify and potentially expand both the means and the message related to changes in rates and programming.
- Regarding technical issues, 34% of telephone survey subscriber respondents indicated that they had experienced a signal outage, picture clarity or reception problem. Of these, 27% indicated that they were dissatisfied with the length of time it took Insight/Time Warner to restore service. These issues were also the most common reasons for calling

Insight/Time Warner. Accordingly, it will be important to address how Insight/Time Warner staffs its technical operations in both quality and number. Improvements in both picture quality and signal continuity will also reduce call volume and ease the 41% of cable customers who had excessive call connection times. These technical issues, and others, were also echoed by participants in the various Town Hall meetings.

- Regarding PEG Access channels, awareness of PEG Access channels was high with 67% of subscribers and 51% of non-subscribers indicating that they were aware of the local PEG channels that appear on the system.
- For subscribers, viewership of MetroTV was significant at 19% weekly viewing (5% watching for more than five hours per week). Public Access Channel 98 experienced a 15% weekly viewing rate.

Concerning the viewing of multichannel video services, these numbers indicate significant viewership. As an example, one of the top overall cable networks, ESPN, typically has a weekly audience of 35% of all multichannel video subscription households. In fact only the top networks have more than a 20% weekly viewing audience. While not a direct comparison because of the differing measurement basis (all multichannel video subscription [cable, satellite, etc.] households nationally versus cable television subscription households locally), both represent cumulative weekly audience measurements which show that even the most popular channels will not garner a majority of viewing households in a large multichannel environment. Considering this, MetroTV and Public Access Channel 98 are attracting a healthy number of viewers versus other choices on the cable system.

- Eighty-nine percent (89%) of subscribers expressed the importance of having the local Access channels available on the Insight/Time Warner system (64% “very important” or “important”); regardless of how often they themselves watch.
- Seventy-four percent (74%) of subscribers who regularly view local access programming expressed the value of having the programming available on-demand on the cable system (48% “very valuable” or “valuable”).

- Seventy-three percent (73%) of subscribers expressed the importance of funding being available to specifically support local community programming (46% “very important” or “important”).
- Fifty-four percent (54%) of subscribers have a level of service that includes HD channels and over 1/3 of those mostly watch the HD channels, meaning that PEG Access channels will need to also be on the HD tier to continue to be viable with this portion of the subscribership.

Internal/External Stakeholder Assessment

- Internal Stakeholders place a high value on the use of MetroTV’s facilities, equipment, staff, channel playback or other resources. Of those respondents to the survey who utilized MetroTV’s resources, 82% indicated that it was very important or important to the fulfillment of their organizations’ missions or goals. This was echoed in the internal stakeholder focused discussion as well.
- Many important uses of MetroTV were listed by such stakeholders, including:
 - Promoting public awareness.
 - Communicating information to constituents.
 - Connecting the citizens of Louisville Metro to critical services.
 - Providing information so that people can learn their rights.
 - Providing citizen awareness of real/perceived emergencies and response services.
 - Coverage of public meetings and special events.
 - Programs about agencies and their mission.
 - Many others.
- MetroTV will need to continue to enhance and advance its facilities, equipment, staff, channel playback and other resources in order to meet the needs assessed. Survey respondents and focused discussion participants, especially internal stakeholders, indicated that there were several critical capabilities that need to be expanded, enhanced or added to MetroTV including:
 - High Definition program production and distribution capabilities.
 - Bigger studio facilities.

- More live, remote origination capabilities.
- Not as many internal/external survey respondents or focused discussion participants were aware of Public Access Channel 98's facilities, equipment, staff, channel playback or other resources. However, 22% of those who did not currently use such resources indicated that they would like to in the future. Reasons for using the channel included: developing PSAs and other public information and educational opportunities.
- Local educational programming is a valuable part of cable service. Representatives from educational interests talked about the importance of having an outlet for local educational programming. Down the road, this means that a separate educational channel may be required in order to fulfill the needs at that time.
- PEG Access programming should be provided with advanced features. Many internal and external survey respondents, as well as focused discussion participants, indicated that it is important to have access programming available on-demand as well as have detailed descriptions of such programming on the interactive menu.
- Survey respondents and focused discussion participants who either utilize the I-Net now or need to use it in the future (provided pursuant to '98 Ordinance, Section 47) indicated a variety of current and potential uses of the I-Net including:
 - Data and voice communications
 - Training and education
 - Provision of internet access
 - Providing a tremendous public service in a time of crisis
 - Enabling faster, bigger, cheaper connections with better service and scalability
 - Providing excellent opportunities for communicating and collaborating
- Regarding importance of cable television service to the organization's mission and goals, 60% of survey respondents, as well as the majority of focused discussion participants, indicated that cable television service was very important or important to their organizational goals and mission. For those that are provided the service as part of franchise obligations, this means that it will be important to continue this provision of

service, including the provision to additional facilities, such as facilities currently not served by cable service.³

- A very high priority of broadcasters and emergency managers is to ensure that up-to-date, time sensitive emergency information is not overridden by outdated information provided by Insight/Time Warner's Emergency Alert System. This sentiment was also echoed in comments provided during the Town Hall meetings, as well as by subscribers in the residential telephone survey.

PEG Access Needs Assessment

- The current provision of PEG Access channels is valuable to program producers and providers, internal and external stakeholders and organizations and residential viewers and needs to be maintained. The current provision is stipulated in Section 46 of the '98 Ordinance, which provides that:
 1. Operator will provide 3 PEG channels, unless the City & the Operator otherwise agree. Operator will provide the following if requested by the City:
 - a. live coverage of Board of Alderman meetings (now Metro Council);
 - b. live coverage of all JCPS Board meetings; and
 - c. other governmental programming.
 2. Operator will maintain at least 1 centrally located public access studio, and will provide modern and up-to-date equipment as appropriate for public access productions according to generally accepted industry standards. Operator shall continue to provide technical training for persons interested in learning how to produce and edit access programs, at least to the level currently provided.

Only 2 of the 3 channels are active at this time.

³ Section 43(2) of the '98 Ordinance, states that upon request of the City (now always referred to as Louisville Metro), the Franchisee shall "provide basic cable service (not including premium and pay-per-view services) free of charge to each public, private, parochial and post-secondary school, including school administration building, each City office and agency, and each City-owned and City-leased facility within the City as shall be designated by the City from time to time, provided the school or facility is within one hundred twenty-five (125) feet of cable system."

- Some educational programming is provided by Insight/Time Warner on Public Access Channel 98, but the level of programming is forecast to grow in the future, meaning that the current reserved third PEG channel should be maintained to provide an outlet for a specific educational channel in the future.
- Further, there is a need to provide capability for an expansion of another channel for government access programming in the future. Louisville Metro and Insight/Time Warner have had extensive discussions to this point on the need to have two government channels and this requirement is reinforced by the findings of the Needs Assessment.
- Accordingly, all the above demonstrates the need for four real-time, full-time, PEG Access channels in any renewed franchise.
- There is a significant need to provide PEG Access programming in forms and formats beyond the current real-time, standard definition provision of the channels, including:
 - High Definition (HD).
 - Cable-based on-demand.
 - Interactive television (iTV).
- New, upgraded and replacement equipment for MetroTV and Public Access Channel 98 needs to be provided consistent with the needs demonstrated and the associated projections made, including:
 - For MetroTV – new, upgraded and replacement equipment equaling approximately \$2,369,632 is needed over the next ten years in order to support the programmatic initiatives indicated in our assessment findings.
 - For Public Access Channel 98 – new, upgraded and replacement equipment equaling approximately \$927,648 is needed over the next ten years to support the initiatives indicated in our assessment.
 - Facility enhancements are also needed for both MetroTV and Public Access Channel 98, including:
 - *MetroTV* - 1,421 additional square feet for MetroTV at a facility construction/renovation cost of approximately \$200 per square foot, equaling a capital facility funding requirement of \$284,200.

- *Public Access Channel 98* - 705 square feet of space is needed for Public Access Channel 98 at a facility construction/renovation cost of approximately \$200 per square foot, equaling \$141,000 needed in capital facility funding.

In summary, regarding capital funding, the total dollar figure needed over a ten-year period is approximately \$3,722,480. Note that the amounts needed vary significantly over each of the ten years, meaning that more funding is needed upfront because of the significant current and near future needs noted. This for example could equate to approximately \$543,950 in capital equipment funding needed in Year 1 of any renewed franchise for equipment, plus \$425,200 for facility expansion potentially as early as Year 1.

- Additional personnel and operational support is also needed. Specifically, this would include the addition of an Executive Producer, Video Engineer, Field/Studio Producer and Post-Production/Editor for MetroTV, and an Assistant Public Access Director for Public Access Channel 98.

I-Net Needs Assessment

- The fiber-based Institutional Network is well valued and well utilized and should be maintained. Section 47 of the '98 Ordinance details the Institutional Network & provides:
 1. Network. Franchisee shall construct, install & maintain an I-Net as part of the cable system to the locations indicated in Exhibit "A" of the ordinance. The I-Net shall provide 2 fibers to each site. The City shall only use the I-Net for governmental purposes & shall be solely responsible for purchasing all necessary equipment for data transmission and other applications & all facilities located beyond the "demarcation point" as defined herein. The City shall not resell or lease any unused capacity on the I-Net to third parties. The City & the Franchisee shall agree on the location in the buildings at or near the telephone junction box, which buildings are located on the sites indicated in Exhibit "A", for terminating the fiber optics. Such termination points shall be herein defined as demarcation points.

2. This section states that the Franchisee shall own & maintain the I-Net & that the Franchisee hereby leases the I-Net to the City, with such lease running concurrent with the term of the Franchise. There is no additional cost to the City for the I-Net.
- There are a number of needs demonstrated through the internal stakeholders survey and focused discussions as well as the I-Net workgroup meeting, follow-up discussions, network review and other related activities. These include, but are not limited to :
 - Additional Facilities – The Assessment has identified 81 facilities not currently on the I-Net where expanding the I-Net to them would enhance capabilities, reliability and reduce networking costs to the users.
 - Regular Meetings and Correspondence with Time Warner – Although a good relationship has existed between Louisville Metro and Insight/Time Warner staff concerning the I-Net, requirements need to be included in a renewed franchise that cover:
 - Access to hubs.
 - Response times when problems occur.
 - Accommodations at the hubs.
 - Requirements for adding new or relocating existing locations.

Additionally, it will be important for Time Warner and Metro staff to meet regularly concerning events that may impact each other.

- Network Standards – Additional standards need to be in place concerning the I-Net related to fiber optic specifications and reliability requirements.
- Network Testing and Evaluation – Similarly, all new locations need to have basic certification testing that is placed into the record as baseline, and then compared against tests that need to be run when users experience problems.
- Disaster Recovery Plan - A Disaster Recovery Plan (DRP) needs to be created designed by users of the network and Insight/Time Warner to ensure that all catastrophic failures of the network can be overcome in the least amount of time while prioritizing the recovery tasks.

The findings, conclusions and recommendations summarized above and fully detailed in the Comprehensive Report, provide a strong and sound basis for Louisville Metro to go forward in franchise renewal proceedings and ensure that the diverse Communities of Interest's needs and interests are met in any renewed franchise developed with Insight/Time Warner.